

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MINNESOTA
Civil No. 08-5348 (ADM/JSM)

UNITED STATES OF AMERICA)

Plaintiff,)

v.)

THOMAS JOSEPH PETTERS, et. al.,)

Defendants.)

AFFIDAVIT OF RECEIVER REGARDING SALE
OF SWIMMING POOL BEACH PROPERTY IN THE BAHAMAS

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

I, Douglas A. Kelley, in my capacity as the Court-appointed receiver ("Affiant"), state and allege as follows:

1. I am the Court-appointed receiver of the assets of the above-captioned Defendants, including Thomas J. Petters and his indirect wholly-owned subsidiary, SPB Development Company Limited, a company existing under the laws of the Commonwealth of the Bahamas ("SPB"), pursuant to this Court's Second Amended Order for Entry of Preliminary Injunction, Appointment of Receiver and Other Equitable Relief dated December 8, 2008.

2. SPB is the owner of approximately ninety (90) acres of unimproved land located between the Atlantic Ocean and The Queen's Highway in Clarence Town, Long Island, Bahamas (the "Property"). The Property was purchased by SPB on or about November 10, 2007 for a purchase price of approximately \$1,800,000.00.

3. In connection with the proposed sale of the Property, an appraisal of the Property was performed by Integra Realty Resources – Houston dated February 6, 2009 (the "Appraisal"), wherein the appraiser concluded that the Property had a market value of \$1,530,000.00 or if the Property needed to be sold within six (6) months, a six month

liquidation value of \$1,050,000.00. The appraiser stated that since the Property was purchased by SPB in November, 2007, vacant land prices within the Bahamas have declined between 20% and 50%. Attached hereto as Attachment 1 is a copy (abbreviated) of said Appraisal.

4. Affiant has received an offer from Sandy Segall, Trustee ("Segall") to purchase the Property for its appraised market value of \$1,530,000.00. A true and correct copy of the purchase agreement, including an amendment to such purchase agreement and an assignment of such purchase agreement to Swimming Pool Beach Ltd., a Bahamian corporation (the "Buyer") is attached hereto as Attachment 2 (the "Purchase Agreement"). No other offers to purchase the Property have been received. Given the steady deterioration in the real estate market in the Bahamas and worldwide and the unlikelihood of a quick recovery, it is in the best interests of the receivership to accept the Buyer's offer to purchase the Property.

5. The Buyer under the Purchase Agreement has represented that it is not affiliated or associated in any way with Thomas J. Petters, with SPB or with any other entity owned or controlled by Thomas J. Petters.

6. There are no mortgages against the Property. However, there are delinquent real estate taxes totaling approximately \$66,000.00 and 2009 real estate taxes of approximately 26,500.00.

7. For the foregoing reasons, Affiant respectfully requests the Court to issue its Order authorizing the sale of the Property to the Buyer or its permitted assigns under the Purchase Agreement in accordance with the terms and conditions thereof, by either the undersigned, as receiver or as Bahamian law may require, directly by SPB.

FURTHER YOUR AFFIANT SAYETH NOT.

Dated this 23rd day of October, 2009.

By: s/Douglas A. Kelley
DOUGLAS A. KELLEY
Court Appointed Receiver for
Thomas J. Petters
431 S. Seventh Street, Suite 2530
Minneapolis, MN 55415
Tel: (612) 371-9090
Email: dkelley@kelleywolter.com

Subscribed and sworn to before me
this 23rd day of October, 2009.

s/Tina M. Knoll
Notary Public